GOVERNMENT OF INDIA
CIVIL AVIATION
LOK SABHA

UNSTARRED QUESTION NO:3407
ANSWERED ON:14.08.2000
FUEL SUBSIDY FOR AIRLINE COMPANIES
AMBATI BRAHMANAIAH

Will the Minister of CIVIL AVIATION be pleased to state:

(a) whether there is any proposal to extend some sort of Air Fuel Subsidy for airline companies which uses small airports in the country such as Gannavaram in Andhra Pradesh;

(b) if so, whether the cost of air fuel prevents Airlines from servicing small towns;

(c) if so, whether there is a proposal to reduce taxes on airplane fuel; and

(d) if so, the steps taken to ensure that small towns and airports like Gannavaram in Krishna district become commercially viable?

Answer

THE MINISTER OF CIVIL AVIATION (SHRI SHARAD YADAV)
(a), (b), (c) and (d): Smaller capacity aircraft, in general, have limited range and require higher fare structure in order that their operations become viable.

To encourage small aircraft (turbo-prop) operations to connect smaller and non-metro cities, it has been decided to provide Aviation Turbine Fuel (ATF) to such aircraft at international prices and notify ATF as a `declared good` under the Central Sales Tax Act, 1956, capping the levy of sales tax rate at 4%. The modalities of implementing these decisions are under examination.